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Message Text

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72
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66607
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FM SECSTATE WASHDC
TO AMEMBASSY PARIS

C O N F I D E N T I A L STATE 169762

FOLLOWING REPEAT USNATO 4207 ACTION SECSTATE SECDEF INFO
USCINCEUR USNMR SHAPE DATED 01 AUGUST 74

QUOTE

C O N F I D E N T I A L USNATO 4207

E.O .11652: XGDS-1
TAGS: NATO XG ETRN
SUBJECT: CENTRAL EUROPE PIPELINE SYSTEM-US CONTRIBUTION
TO OPERATING DEFICIT

REF: A. USNATO 4069; B. STATE 162798

1. AS PREDICTED REF A, FOLLOWING LETTER TO AMBASSADOR RUMSFELD, DATED 1 AUG, FROM COL HOLDEN, CHAIRMAN, CENTRAL EUROPE PIPELINE POLICY COMMITTEE:

BEGIN TEXT.

YOUR EXCELLENCY, I HAVE THE HONOUR TO INFORM YOU THAT AT THE LAST MEETING OF THE CENTRAL EUROPE PIPELINE POLICY COMMITTEE, HELD AT NATO HEADQUARTERS ON 18TH AND 19TH JULY, I WAS INVITED TO DRAW TO YOUR ATTENTION THE SERIOUS SITUATION ARISING FROM THE REFUSAL BY THE UNITED STATES TO PAY IN FULL ITS SHARE OF THE OPERATING COSTS AS AGREED UNDER THE EXISTING COST SHARING FORMULA
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FOR THE CENTRAL EUROPE PIPELINE SYSTEM.

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YOU WILL BE AWARE THAT UNDER THIS FORMULA THE UNITED STATES
CONTRIBUTION AMOUNTS TO 36.07 PCT. HOWEFER, FOLLOWING
A STATEMENT MADE BY YOUR REPRESENTATIVE TO THE CENTRAL EUROPE
PIPELINE POLICY COMMITTEE AT ITS MEEITNG IN NOVEMBER 1973-
IN WHICH HE EXPLAINED THAT YOUR AUTHORITIES CONSIDERED THE EXIST-
ING COST SHARING FORMULA WAS NO LONGER JUST OR REALISTIC-
THE UNITED STATES WITHHELD PAYMENT OF THEIR FULL SHARE PENDING
ACCEPTANCE OF A NEW FORMULA. IN JUNE OF THIS YEAR IN RESPONSE
TO THE URGENT REQUEST OF THE COMMITTEE, THE UNITED STATES
REPRESENTATIVE AGREED TO CONTRIBUTE 12PCT, I.E. ONE THIRD OF
YOUR AGREED SHARE, TO ALLEVIATE A PRESSING PROBLEM OF LIQUIDITY.
HE FURTHER STATED THAT YOUR AUTHORITIES HAD HOPED, WHEN PLAKCING
THEIR RESERVATION IN NOVEMBER 1973, THAT A NEW COST SHARING
FORMULA WOULD HAVE BEEN AGREED BEFORE JUNE: HAD THIS BEEN ACHIEVED,
THERE WOUULD HAVE BEEN NO REQUIREMENT FOR THE PRESENT EMERGENCY
ACTION. EFFORTS TO REACH AGREEMENT CONTINUE AND THE CENTRAL
EUROPE PIPELINE POLICY COMMITTEE MEETS AGAIN EARLY IN SEPTMEBER
TO DISCUSS REPLIES FROM NATIONS TO NEW PROPOSALS PRESENTED AT
OUR LAST MEETING. IF THE COMMITTEE CANNOT THEN REACH AN AGREEMENT
IT IS MY INTENTION TO RECOMMEND THAT IT SHOULD MEET IN PERMANENT
REPRESENTATIVE SESSION TO DISCUSS THE MATTER, WHICH IS , OF
COURSE, ONE TO BE RESOLVED BY THE EIGHT NATIONS FORMING THE
CENTRAL EUROPE PIPELINE SYSTEM.

THE GENERAL MANAGER OF THE CENTRAL EUROPE OPERATING
AGENCY ADVISES THAT IF NO AGREEMENT IS REACHED AND THE
UNITED STATES CONTINUES TO WITHHOLD APPROXIMATELY TWO THIRDS
OF IT'S CONTRIBUTION , THE PIPELINE SYSTEM WILL BECOME INSOLVENT AT
THE END OF OCTOBER AND IT WILL BE NECESSARY FOR HIM FORMALLY
TO APPRISE CINCENT THAT UNLESS ALTERNATIVE MENAS OF FINANCE
CAN BE DIVISED IT WILL NO LONGER BE POSSIBLE FOR THE SYSTEM
TO SUPPORT SUCEURS MILITARY PLAND. NO OTHER MEMBER COUNTRY
OF THE CENTRAL EUROPE PIPELINE SYSTEM IS WILLING TO
FINANCE THE SHORTFALL CAUSED BY THE FAILURE OF THE INITED STATES
AUTHORITY TO PAY ITS FULL CONTRIBUTION. THE GENERAL MANAGER
OF THE AGENCY, THEREFORE, WILL ON MONDAY, 5TH AUGUST,
INFORM CINCENT OF THE MILITARY ASPECT OF THE SITUATION WHICH COULD
ARISE.

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IT IS ALSO MY DUTY TO INFORM YOUR EXCELLENCY THAT MY
COMMITTEE INVITED ME SPECIFICALLY TO STATE THAT IN THEIR VIEW
THE FAILURE OF THE INITED STATES TO MEET THEIR COMMITMENT
UNDER THE PRESENT COST SHARING FORMULA IS DIRECTLY RESPONSIBLE
FOR PLACING IN JEOPARDY THE CONTINUED OPEATION OF THE CENTRAL
EUROPE PIPELINE SYSTEM. THE UNITED STATES EEPRESENTATIVE,
PREDICTABLEY, DID NOT SUPPORT THIS DECISION.

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I WOULD THEREFORE RESPECTFULLY REQUEST YOUR EXCELLENCY
TO CONSIDER, AS A MATTER OF URGENCY, TAKING STEPS TO OBTAIN
PAYMENT IN FULL OF THE INITED STATES SHARE (36.07 PCT) OF
CONTRIBUTIONS TO THE CENTRAL EUROPE PIPELINE SYSTEM WITH EFFECT
FROM 1ST JANUARY 1974. I SHALL, OF COURSE, IN THE MENATIME
CONTINUE TO URGE THE CENTRAL EUROPE PIPELINE POLICY
COMMITTEE TO STRIVE TOWARDS A NEW AND EQUITABLE COST SHARING
FORMULA. /S/ HOLDEN. END TEXT.

2. MISSION ASSUMES US POSITION REMAINS AS STATED REF B.
GOODBY UNQUOTE
KISSINGER

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